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CONSOLIDATED REXSPAR
MINERALS & CHEMICALS LIMITED

Annual Report

FOR THE YEAR ENDED DECEMBER 31, 1975

CAPITALIZATION

As at December 31, 1975

	Authorized	Outstanding
Common Shares	4,920,000	3,624,300
No Par Value		

OFFICERS AND DIRECTORS

Officers

JOHN KOSTUIK, B.Sc., P.Eng.	President
W. NOEL O'BRIEN, P.Eng.	Vice-President
HUGH G. MACGREGOR	Secretary-Treasurer
D. C. MARSHALL	Assistant-Secretary

Directors

ERIC L. EVANS, Ph.D.	Mississauga, Ontario
GEORGE B. HEENAN	Toronto, Ontario
JOHN KOSTUIK, B.Sc., P.Eng.	Toronto, Ontario
HUGH G. MACGREGOR	Montreal, Quebec
W. NOEL O'BRIEN, P.Eng.	Toronto, Ontario

Transfer Agents

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario

Solicitors

MANLEY, GRANT & CAMISSO
Toronto, Ontario

Auditors

COOPERS & LYBRAND
Toronto, Ontario

Directors' Report

In view of the resurgence in demand for uranium and improvement in price your Company undertook a preliminary study in 1975 to review the Rexspar uranium deposits on its properties near Birch Island, British Columbia. Uranium prices have continued to increase and demand is strong. The favorable long term outlook, the strengthening of prices and the preliminary study confirm that further detailed evaluation of the Rexspar properties is timely and desirable.

A report prepared for Rexspar by independent consulting engineers embraced site description, ore reserves, current status of the metallurgy, environmental considerations, and plans and sections for open pit mining of the deposits. The reserves have been calculated at 1.62 million tons at an estimated grade of 1.50 pounds uranium oxide (U_3O_8) per ton. Metallurgical test work was recommended, and contingent on a successful pilot plant program to define a process to permit production of a specification grade product, it was recommended that a definitive feasibility study be commissioned to establish optimum tonnage rates and profitability.

After obtaining necessary approvals the Company offered to shareholders the right to purchase one further treasury share for each three shares held on January 30, 1976. The rights offering was successful and \$564,660 in new funds was realized by the Company on issuance of an additional 1,176,377 shares. The total number of issued and outstanding shares has therefore been increased to 4,800,677.

Several drill holes on the deposit were completed in 1975 to provide fresh samples and metallurgical test work has begun under the direction of A. H. Ross & Associates at Lakefield Research laboratory; subject to test results, a detailed feasibility study will be undertaken this year.

If you are unable to attend the Annual Meeting of Shareholders in person please sign, date and mail the enclosed form of instrument of proxy.

On Behalf of the Board of Directors:

JOHN KOSTUIK, President.

Toronto, Ontario.
April 23, 1976.

Balance Sheet as at December 31, 1975

ASSETS		1975	1974
		\$	\$
Current Assets			
Cash		1,213	1,641
Prepaid rental		1,040	1,310
		<u>2,253</u>	<u>2,951</u>
Mining Properties (notes 2 and 3)		<u>849,046</u>	<u>849,046</u>
Fixed Assets — at cost			
Land		10,690	10,690
Buildings		4,298	4,298
Furniture, fixtures and equipment		2,640	2,640
		<u>17,628</u>	<u>17,628</u>
Deferred Exploration and Development Expenditures (note 3)		2,610,029	2,542,139
		<u>3,478,956</u>	<u>3,411,764</u>

LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		15,988	6,750
Long-Term Liabilities			
Advance from Denison Mines Limited		62,954	5,000
		<u>78,942</u>	<u>11,750</u>

SHAREHOLDERS' EQUITY			
Capital Stock (note 4)			
Authorized —			
4,920,000 shares of no par value			
Issued —			
3,624,300 shares		3,704,153	3,704,153
Deficit		304,139	304,139
		<u>3,400,014</u>	<u>3,400,014</u>
		<u>3,478,956</u>	<u>3,411,764</u>

Signed on behalf of the Board

GEORGE B. HEENAN, Director

W. NOEL O'BRIEN, Director

Statement of Changes in Financial Position
For the Year Ended December 31, 1975

	1975 \$	1974 \$
Sources of Working Capital		
Advance from Denison Mines Limited	57,954	5,000
Interest earned	—	185
Option payment	—	5,000
	<u>57,954</u>	<u>10,185</u>
Uses of Working Capital		
Exploration and development expenditures	67,890	18,267
Decrease in Working Capital	9,936	8,082
Working Capital (Deficiency) — Beginning of Year	(3,799)	4,283
Working Capital Deficiency — End of Year	<u>13,735</u>	<u>3,799</u>

Statement of Deficit
For the Year Ended December 31, 1975

	1975 \$	1974 \$
Balance — Beginning of Year	304,139	298,995
Organization expense written off	—	4,349
Investment in subsidiary written off	—	795
Balance — End of Year	<u>304,139</u>	<u>304,139</u>

Statement of Deferred Exploration and Development Expenditures
For the Year Ended December 31, 1975

BIRCH ISLAND, KAMLOOPS MINING DIVISION, BRITISH COLUMBIA

	1975	1974
	\$	\$
Exploration and Development		
Surface exploration	2,131	2,004
Property taxes and renewal fees	7,255	4,562
Consulting	—	930
Uranium project — preliminary study	41,224	—
	<u>50,610</u>	<u>7,496</u>
Administration		
Legal and audit	2,931	525
Registrar and transfer agents' fees	4,011	3,124
Reports to shareholders	2,730	1,302
Stock exchange fees	1,400	200
Capital taxes and licences	5,736	5,065
Other administrative expense	472	555
	<u>17,280</u>	<u>10,771</u>
	<u>67,890</u>	<u>18,267</u>
Sundry Income		
Interest	—	185
Option payment	—	5,000
	<u>—</u>	<u>5,185</u>
Total Expenditures for the Year	67,890	13,082
Balance — Beginning of Year	2,542,139	2,529,057
Balance — End of Year	<u>2,610,029</u>	<u>2,542,139</u>

Auditors' Report to the Shareholders

We have examined the balance sheet of Consolidated Rexspar Minerals & Chemicals Limited as at December 31, 1975 and the statements of deficit, deferred exploration and development expenditures and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
January 6, 1976

COOPERS & LYBRAND
Chartered Accountants

Notes to Financial Statements
For the Year Ended December 31, 1975

1. ACCOUNTING POLICIES

Exploration and administration expenditures are deferred until such time as they are written off against production arising from the property to which they apply or until such property is sold or otherwise disposed of.

2. MINING PROPERTIES

Birch Island, Kamloops Mining Division, British Columbia.

	\$
22 mineral claims and fractions held under Crown Grant, acquired for 825,000 fully paid shares in the capital stock of Rexspar Minerals & Chemicals Limited	825,000
19 mineral claims and fractions held under Crown Grant, at nominal value	19
58 mineral claims and fractions held by right of location, acquired for 170,000 fully paid shares in the company's capital stock	13,854
18 mineral claims held by right of location, at nominal value	18
85 mineral claims and fractions held by right of location, acquired for cash	10,155
	<u>849,046</u>

3. VALUES

The amounts shown for mining properties and deferred exploration and development expenditures represent costs to date less amounts written off and do not necessarily reflect present or future values.

4. CAPITAL STOCK

Capital stock has been issued for the following consideration:

Issued	Number of shares	Amount \$
On consolidation of 6,500,000 shares of Rexspar Minerals & Chemicals Limited	1,300,000	2,635,003
For retirement of debentures	104,300	52,150
For mining properties	170,000	17,000
For cash	<u>2,050,000</u>	<u>1,000,000</u>
	<u>3,624,300</u>	<u>3,704,153</u>

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Directors and senior officers, as defined in the Business Corporations Act, received no direct remuneration during the year ended December 31, 1975.

6. SUBSEQUENT EVENT

Subject to the approval of regulatory authorities, the company intends to offer to shareholders the rights to purchase pro rata a maximum of 1,208,100 shares at \$0.48 per share, on the basis of one new share for every three shares held. The controlling shareholder has undertaken to exercise sufficient rights to ensure receipt of \$500,000 by the company.

7. ANTI-INFLATION ACT

The company is subject to restraint of dividends under the terms of the Anti-Inflation Act and Regulations which became effective October 14, 1975.

King Edward Hotel
Toronto Rm

10:30 A.M.